

## Exhibit 300: Capital Asset Summary

### Part I: Summary Information And Justification (All Capital Assets)

#### Section A: Overview & Summary Information

**Date Investment First Submitted:** 2010-03-19  
**Date of Last Change to Activities:** 2012-05-31  
**Investment Auto Submission Date:** 2012-02-27  
**Date of Last Investment Detail Update:** 2012-02-27  
**Date of Last Exhibit 300A Update:** 2012-08-31  
**Date of Last Revision:** 2012-08-31

**Agency:** 015 - Department of the Treasury      **Bureau:** 45 - Internal Revenue Service

**Investment Part Code:** 01

**Investment Category:** 00 - Agency Investments

**1. Name of this Investment:** Customer Account Data Engine 2 (CADE 2).

**2. Unique Investment Identifier (Ull):** 015-000000051

#### Section B: Investment Detail

- 1. Provide a brief summary of the investment, including a brief description of the related benefit to the mission delivery and management support areas, and the primary beneficiary(ies) of the investment. Include an explanation of any dependencies between this investment and other investments.**

The Customer Account Data Engine (CADE 2) program will implement a single data-centric solution that provides daily processing of taxpayer accounts. The IRS established the following goals to articulate at the highest level what the CADE 2 program will accomplish: - Establish a solid data foundation for the future by leveraging relational database processing capability. - Make substantial progress toward addressing financial material weaknesses for individual taxpayer account processing, demonstrate compliance with Federal Financial Management System Requirements (FFMSR), and maintain our clean audit opinion. - Maintain best practices and industry standards around security and privacy posture. - Continue the focus on moving away from 1960s technology (i.e., aging infrastructure, applications and sequential flat file processing) with redesign and rewrite of core individual taxpayer account processing applications in a modern programming language. - Demonstrate substantive progress toward achieving long-term viability and maintainability of the individual taxpayer account processing system. The first phase is Transition State 1 (TS1) which will establish the target CADE 2 data model and database and use the data to provide individual taxpayer account information to select external systems. Updated daily from the individual taxpayer account core processing applications, the database will establish the foundation for developing the CADE 2 solution and is critical to addressing financial statement audit material weaknesses. The TS1 solution will implement required security controls, leverage security

capabilities available in the Security and Communications System (SACS) for account viewing, and begin to address identified security weaknesses.

**2. How does this investment close in part or in whole any identified performance gap in support of the mission delivery and management support areas? Include an assessment of the program impact if this investment isn't fully funded.**

The IRS is in the middle of a complex transition having to operate and maintain both the legacy Individual Master File (IMF) and current CADE systems simultaneously for the next several years. This transition has turned out to be very risky and costly. In the fall of 2008, in response to the Commissioners request, IRS technology leadership developed an overall portfolio approach to IT systems modernization, which includes ongoing operations, new development and IT security. In light of ongoing oversight recommendations, the Modernized Taxpayer Accounts (MTA) technology team evaluated the current core tax account processing portion of the long-term BSM plan with primary focus on three objectives: IT security practices, financial statement material weaknesses and long-term architectural planning and viability. The MTA team recommended a Customer Account Data Engine approach that leverages several years of successful current CADE implementation and will accelerate conversion of both IMF and current CADE data to a target relational database. This acceleration is based on implementing a daily processing architecture and migrating core tax account processing to a target application architecture and relational database structure.

**3. Provide a list of this investment's accomplishments in the prior year (PY), including projects or useful components/project segments completed, new functionality added, or operational efficiency achieved.**

In FY 2011, CADE 2 had the following accomplishments: - Made significant progress toward the goal of timely delivering Transition State 1 (TS 1) for Filing Season 2012 by successfully exited TS 1 program milestones (MS) on time. Completed early prototype work which addressed many up-front technical challenges and uncertainties as per established scope and objectives, with breakthrough results in some cases. - Continued implementation of Road to TS1 activities, setting a clear line-of-sight to full completion of TS 1 lifecycle activities and timely deployment for Filing Season 2012. - TS 1 MS 4b development and infrastructure efforts well underway and on track for timely del very for Filing Season 2012. - Continued to mature management processes and controls using industry best practices to enhance IRS internal capability to effectively manage the program. - Completed Transition State 2 (TS2) High-Level Plan in response to a GAO audit recommendation.

**4. Provide a list of planned accomplishments for current year (CY) and budget year (BY).**

In FY 2012, the CADE 2 program will deploy the Transition State 1 solution for Filing Season 2012. Successful deployment of Transition State 1 will offer new benefits for America's taxpayers and the IRS, such as faster refunds for millions of individual taxpayers, faster payment postings, and quicker account updates. These new capabilities will enable faster and more efficient issue identification, taxpayer notices, and preparer non-compliance interdiction, as well as enhanced capabilities to improve fraud detection. Activities in FY 2012 will include the following: - Continue work to finalize and implement Transition State 1 functionality for the 2012 filing season to include the new taxpayer account database that will

operate in a daily processing environment - Continue work to finalize and implement capability for daily outputs from the CADE 2 database to IDRS and other downstream systems as they are able to support daily processing - Expand the IPM to include additional data elements not currently in IMF and implement the interface from the CADE 2 authoritative database for individual taxpayers accounts to IPM - Provide access and viewing capabilities to enable use of CADE 2 data for customer service activities and IPM analytical capabilities for compliance activities - Support program planning, control, and governance processes to ensure successful delivery of Transition State 1 functionality and early lifecycle activities for Transition State 2 - Support maintenance and licensing for Transition State 1 infrastructure environment and enterprise operational readiness for Filing Season 2012 deployment - Evaluate additional up/downstream systems and address impacts resulting from CADE 2 Transition State 1 implementation - Implement required security controls and leverage security capabilities available in the Security and Communications System for account viewing - Begin formal Transition State 2 program lifecycle phases, including program initiation, architecture, solution iterations planning, and early integrated design - Initiate Transition State 2 Proof of Concepts effort - Provide infrastructure support and build out Transition State 2 Proof of Concepts environment.

5. **Provide the date of the Charter establishing the required Integrated Program Team (IPT) for this investment. An IPT must always include, but is not limited to: a qualified fully-dedicated IT program manager, a contract specialist, an information technology specialist, a security specialist and a business process owner before OMB will approve this program investment budget. IT Program Manager, Business Process Owner and Contract Specialist must be Government Employees.**

2010-01-28

## Section C: Summary of Funding (Budget Authority for Capital Assets)

1.

Table I.C.1 Summary of Funding

	PY-1 & Prior	PY 2011	CY 2012	BY 2013
Planning Costs:	\$27.9			\$30.0
DME (Excluding Planning) Costs:	\$61.8	\$143.1	\$117.3	\$120.4
DME (Including Planning) Govt. FTEs:	\$21.1	\$49.9	\$65.0	\$53.0
Sub-Total DME (Including Govt. FTE):	\$110.8	\$193.0	\$182.3	\$203.4
O & M Costs:	\$0.2	\$0.0	\$0.0	\$0.0
O & M Govt. FTEs:	\$0.0	\$0.0	\$0.0	\$0.0
Sub-Total O & M Costs (Including Govt. FTE):	\$0.2	0	0	0
Total Cost (Including Govt. FTE):	\$111.0	\$193.0	\$182.3	\$203.4
Total Govt. FTE costs:	\$21.1	\$49.9	\$65.0	\$53.0
# of FTE rep by costs:	142	320	464	358
Total change from prior year final President's Budget (\$)		\$0.0	\$0.0	
Total change from prior year final President's Budget (%)		0.00%	0.00%	

2. If the funding levels have changed from the FY 2012 President's Budget request for PY or CY, briefly explain those changes:

## Section D: Acquisition/Contract Strategy (All Capital Assets)

Table I.D.1 Contracts and Acquisition Strategy

Contract Type	EVM Required	Contracting Agency ID	Procurement Instrument Identifier (PIID)	Indefinite Delivery Vehicle (IDV) Reference ID	IDV Agency ID	Solicitation ID	Ultimate Contract Value (\$M)	Type	PBSA ?	Effective Date	Actual or Expected End Date
Awarded	4267	TIRNO06D000190016	TIRNO06D00019	2050							
Awarded	4267	TIRNO99D000010142	TIRNO99D00001	2050							
Awarded	4267	TIRNO06D000200020	TIRNO06D00020	2050							
Awarded	4267	TIRNO99D000050302	TIRNO99D00005	2050							
Awarded		TIRNO10T00064	TIRNO10T00064	2050							
Awarded		TIRNO10C00020	TIRNO10C00020	2050							
Awarded	4271	TIRNO09Z000300003	GS35F0122R	2050							
Awarded		TIRNO 10 T 00060	TIRNO 10 T 00060	2050							

**2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:**

The Tracen contract is for developing a communications plan. MITRE has a waiver.

## Exhibit 300B: Performance Measurement Report

### Section A: General Information

**Date of Last Change to Activities:** 2012-05-31

### Section B: Project Execution Data

**Table II.B.1 Projects**

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
1	Transition State 1	Transition State 1 (TS1) delivers a single source of authoritative individual core taxpayer data in a relational database and provides daily processing of taxpayer accounts.			
2	PMO/E&A	Provide program office and engineering and analysis support for TS1 and TS2.			
3	Transition State 2	TS 2 will establish a single tax-processing system for managing individual taxpayer accounts with an integrated, state-of-the-art tax-processing platform that enables deployment of modular applications using a modern programming language.			

### Activity Summary

Roll-up of Information Provided in Lowest Level Child Activities

Project ID	Name	Total Cost of Project Activities (\$M)	End Point Schedule Variance (in days)	End Point Schedule Variance (%)	Cost Variance (\$M )	Cost Variance (%)	Total Planned Cost (\$M)	Count of Activities
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## Activity Summary

Roll-up of Information Provided in Lowest Level Child Activities

Project ID	Name	Total Cost of Project Activities (\$M)	End Point Schedule Variance (in days)	End Point Schedule Variance (%)	Cost Variance (\$M )	Cost Variance (%)	Total Planned Cost (\$M)	Count of Activities
1	Transition State 1							
2	PMO/E&A							
3	Transition State 2							

## Key Deliverables

Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
1	MS 4b	Milestone 4b activities.	2012-02-09	2012-02-09	2012-02-09	404	0	0.00%
1	Up/Downstream	Evaluate up/downstream systems and address impacts resulting from CADE 2 implementation.	2012-09-30	2012-09-30		381	0	0.00%
2	PMO	Program Management Office - support program planning.	2012-12-31	2012-12-31		443	0	0.00%
2	E & A	Engineering & Analysis support.	2012-12-31	2012-12-31		443	0	0.00%
3	Planning	Planning activities.	2015-03-31	2015-03-31		1,642	0	0.00%



## Section C: Operational Data

Table II.C.1 Performance Metrics

Metric Description	Unit of Measure	FEA Performance Measurement Category Mapping	Measurement Condition	Baseline	Target for PY	Actual for PY	Target for CY	Reporting Frequency
Faster Refunds. The percentage of refunds processed daily.	Percentage	Customer Results - Timeliness and Responsiveness	Over target	30.000000	0.000000	0.000000	31.000000	Monthly
Increased percentage of transactions processed daily. The percentage of transactions processed daily compared to the total transactions processed by IRS.	Percentage	Process and Activities - Cycle Time and Timeliness	Over target	27.000000	0.000000	0.000000	40.000000	Monthly
Daily Updates to IDRS. Percent business days, the CADE 2 solution will process transactions within 48 hours of receipt from submissions processing for days in which there are transactions to process.	percentage	Technology - Efficiency	Over target	0.000000	0.000000	0.000000	90.000000	Quarterly
Percent of individual taxpayers that will have individual account data stored in the CADE 2 relational database and usable by IRS employees for viewing.	percentage	Technology - Reliability and Availability	Over target	0.000000	0.000000	0.000000	85.000000	Semi-Annual
Faster Notices. The number of daily notices generated by CADE 2 (versus weekly notices).	percentage	Mission and Business Results - Management of Government Resources	Over target	0.005000	0.000000	0.000000	12.000000	Monthly

